

Biden not buying Trudeau's 'grand bargain'; POTUS's Keystone XL rejection lends further evidence that PM's fossil fuel plan was a pipe dream

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Body

It wasn't supposed to be like this.

Canada, a self-declared climate leader with a national carbon price and a pledge to hit net-zero emissions, should be able to get pipelines. That has been Justin Trudeau's argument since before he was prime minister. Often described as his "grand bargain," the idea was to trade serious climate action for projects that help Canada's oil industry while the world still hungers for fossil fuels.

Joe Biden, at least, isn't buying it.

The new U.S. president revoked the permit for the Keystone XL oil pipeline as one of his first acts in office on Wednesday. And this, after Trudeau alluded to the "grand bargain" as a reason Biden should approve it, stating Canada had grown into a "global leader" on climate change since the project was rejected the first time, in 2015, days after the Liberals won power.

What does that say about his government's oft-heard claim that Canada can protect the environment and develop fossil fuels - already the country's largest source of greenhouse gas emissions - at the same time?

For Jason MacLean, an assistant professor in law at the University of New Brunswick who wrote about the "grand bargain" in his PhD dissertation, this claim was never believable, or even honest. It was more of a "neat rhetorical strategy" to bring oil-producing provinces - namely Alberta and Saskatchewan - on board with Trudeau's climate plan, he said. They would agree to a carbon price and other climate measures, and Ottawa would champion pipeline development to get a better price for landlocked Prairie oil.

"That was the idea: you can only have aggressive climate action nationally in Canada if you also have the co-operation of the largest oil and gas producing jurisdictions," MacLean said.

Trudeau has claimed the strategy was working. At an energy conference in Texas in 2017, the prime minister boasted that three oil pipelines were being built on his watch: the Line 3 replacement, the Trans Mountain expansion and - after Donald Trump revived it - Keystone XL. "We would not be on this path, not even close, had we not insisted that environmental protection and resource development go hand-in-hand," he said.

But as MacLean sees it, the strategy unravelled after that. Provincial governments favourable to Liberal plans were replaced by adversarial ones in Ontario and Alberta, while federal Conservatives admonished Ottawa's environmental policies - including revamped federal project assessments, a ban on oil exports from the north coast of British Columbia and, of course, the carbon tax - as detrimental to the fossil fuel industry.

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The debate got so heated that, before Teck Resources bailed on its proposed \$20.6-billion oilsands project in the winter of 2020, Conservatives warned of a national unity crisis if Ottawa were to reject it.

And then, weeks later, opposition to oil and gas development - already enflamed by the government's purchase of the Trans Mountain pipeline system - burst into a nationwide movement for climate action and Indigenous rights inspired by Wet'suwet'en hereditary chiefs opposing construction of the Coastal GasLink pipeline through northern B.C.

In trying to find the middle ground in such a polarized political space, Trudeau's Liberals may have made enemies on both extremes. And Biden's rejection of Keystone XL, in this view, is further evidence the "grand bargain" has failed.

"What we're seeing... marks the failure of a rhetorical strategy, because that strategy never made sense in the first place," said MacLean of the Keystone XL rejection. "You don't reduce your emissions by continuing to double down on the largest and fastest-growing source of emissions in your country," he said.

Those more favourable towards Ottawa's efforts don't go that far. John Manley, a former Liberal finance minister who spoke about the "grand bargain" when he was head of the Business Council of Canada, said Trudeau can still claim "some level of success" for the strategy if the Trans Mountain expansion is completed.

For Manley, part of the problem is that the government's opponents - primarily the Conservatives and pro-oil governments in Alberta and Saskatchewan - were never on board with the strategy, making it a harder sell when Canada tries to tell the U.S. the country is a leader on climate action.

"We seem to still be arguing among ourselves about how clear we want to be, and how consensual we are about the actions that we're taking," Manley said.

Perrin Beatty, president and chief executive officer of the Canadian Chamber of Commerce, blamed domestic American politics for forcing Biden's hand on Keystone.

The decision, which fulfils one of Biden's campaign promises, allows him to "burnish his credentials with" environmentalists in the U.S. at "very low cost," Beatty said.

And while he agrees with the "grand bargain" strategy on principle, he blames the intransigence of oilsands opponents in Canada for making it difficult.

"There was always the assumption that the domestic anti-pipeline constituency would be willing to find some sort of reasonable common ground. But they're not. They're simply opposed to it, period," Beatty said.

"It's very difficult to make progress on that," he added. "The difficulty is reconciling the extremes."

In other words, if a reliable way to build pipelines is found somewhere down the middle of the road, Trudeau's Liberals are still looking for it.

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